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BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
IN AND FOR THE STATE OF UTAH

IN THE MATTER OF THE REQUEST FOR AGENCY
ACTION OF SAUNDRIA WHITMER, PETITIONER,
TO COMPEL MOUNTAIN OIL AND GAS, INC.
AND HOMELAND GAS AND OIL, LTD., RESPONDENTS,
TO ACCOUNT FOR AND PAY ROYALTIES IN ACCORDANCE
WITH THE PETITIONERS' INTEREST IN PRODUCTION
FROM THE 1-2B1E WELL, LOCATED IN SECTION 2,
IN TOWNSHIP 2 SOUTH, RANGE 1 EAST, USM,
UINTAH COUNTY, UTAH.

IN THE MATTER OF THE REQUEST FOR AGENCY
ACTION OF ROBBIN MURDOCK, PETITIONER, TO
COMPEL MOUNTAIN OIL AND GAS, INC. AND
HOMELAND GAS AND OIL, LTD., RESPONDENTS,
TO ACCOUNT FOR AND PAY ROYALTIES IN ACCORDANCE
WITH THE PETITIONERS' INTEREST IN PRODUCTION
FROM THE 1-2B1E WELL, LOCATED IN SECTION 2,
IN TOWNSHIP 2 SOUTH, RANGE 1 EAST, USM,
UINTAH COUNTY, UTAH.

IN THE MATTER OF THE REQUEST FOR AGENCY
ACTION OF RONALD MURDOCK, PETITIONER, TO
COMPEL MOUNTAIN OIL AND GAS, INC. AND
HOMELAND GAS AND OIL, LTD., RESPONDENTS,
TO ACCOUNT FOR AND PAY ROYALTIES IN ACCORDANCE
WITH THE PETITIONERS' INTEREST IN PRODUCTION
FROM THE 1-2B1E WELL, LOCATED IN SECTION 2,
IN TOWNSHIP 2 SOUTH, RANGE 1 EAST, USM,
UINTAH COUNTY, UTAH.

IN THE MATTER OF THE REQUEST FOR AGENCY
ACTION OF JOYCE MURDOCK, PETITIONER, TO
COMPEL MOUNTAIN OIL AND GAS, INC. AND
HOMELAND GAS AND OIL, LTD., RESPONDENTS,
TO ACCOUNT FOR AND PAY ROYALTIES IN ACCORDANCE
WITH THE PETITIONERS' INTEREST IN PRODUCTION
FROM THE 1-2B1E WELL, LOCATED IN SECTION 2,
IN TOWNSHIP 2 SOUTH, RANGE 1 EAST, USM,
UINTAH COUNTY, UTAH.

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1 IN THE MATTER OF THE REQUEST FOR AGENCY
2 ACTION OF MAC E. MURDOCK, PETITIONER, TO
3 COMPEL MOUNTAIN OIL AND GAS, INC. AND
4 HOMELAND GAS AND OIL, LTD., RESPONDENTS,
5 TO ACCOUNT FOR AND PAY ROYALTIES IN ACCORDANCE
6 WITH THE PETITIONERS' INTEREST IN PRODUCTION
7 FROM THE 1-2B1E WELL, LOCATED IN SECTION 2,
8 IN TOWNSHIP 2 SOUTH, RANGE 1 EAST, USM,
9 UINTAH COUNTY, UTAH.

10 IN THE MATTER OF THE REQUEST FOR AGENCY
11 ACTION OF STUART MURDOCK, PETITIONER, TO
12 COMPEL MOUNTAIN OIL AND GAS, INC. AND
13 HOMELAND GAS AND OIL, LTD., RESPONDENTS,
14 TO ACCOUNT FOR AND PAY ROYALTIES IN ACCORDANCE
15 WITH THE PETITIONERS' INTEREST IN PRODUCTION
16 FROM THE 1-2B1E WELL, LOCATED IN SECTION 2,
17 IN TOWNSHIP 2 SOUTH, RANGE 1 EAST, USM,
18 UINTAH COUNTY, UTAH.

19 IN THE MATTER OF THE REQUEST FOR AGENCY
20 ACTION OF BENNY MURDOCK, PETITIONER, TO
21 COMPEL MOUNTAIN OIL AND GAS, INC. AND
22 HOMELAND GAS AND OIL, LTD., RESPONDENTS,
23 TO ACCOUNT FOR AND PAY ROYALTIES IN ACCORDANCE
24 WITH THE PETITIONERS' INTEREST IN PRODUCTION
25 FROM THE 1-2B1E WELL, LOCATED IN SECTION 2,
IN TOWNSHIP 2 SOUTH, RANGE 1 EAST, USM,
UINTAH COUNTY, UTAH.

Docket No. 2010-001 Cause No. 131-127
Docket No. 2010-002 Cause No. 131-127
Docket No. 2010-003 Cause No. 131-127
Docket No. 2010-004 Cause No. 131-127
Docket No. 2010-005 Cause No. 131-127
Docket No. 2010-006 Cause No. 131-127
Docket No. 2010-007 Cause No. 131-127

TAKEN AT: Department of Natural Resources
1594 West North Temple, Room 1040
Salt Lake City, Utah

DATE: Wednesday, January 27, 2010

TIME: 9:24 a.m. to 9:34 a.m.

REPORTED BY: Michelle Mallonee, RPR

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APPEARANCES

BOARD OF OIL, GAS AND MINING:

Douglas E. Johnson, Chairman
Ruland J. Gill, Jr.
Jake Y. Harouny
James T. Jensen
Kelly L. Payne
Samuel C. Quigley
Jean Semborski

DIVISION OF OIL, GAS AND MINING:

John R. Baza, Director
Dana Dean, Associate Director, Mining
Gil Hunt, Associate Director, Oil and Gas
Steve Schneider, Administrative Policy Coordinator
Julie Ann Carter, Secretary to the Board

ASSISTANT ATTORNEYS GENERAL:

Steven F. Alder - Division Attorney
Fred Donaldson - Division Attorney
Michael S. Johnson - Board Attorney
Stephen Schwendiman - Board Attorney
Megan Depaulis - Board Attorney

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1 Docket No. 2010-001 Cause No. 131-127

2 Docket No. 2010-002 Cause No. 131-127

3 Docket No. 2010-003 Cause No. 131-127

4 Docket No. 2010-004 Cause No. 131-127

5 Docket No. 2010-005 Cause No. 131-127

6 Docket No. 2010-006 Cause No. 131-127

7 Docket No. 2010-007 Cause No. 131-127

8 Wednesday, January 27, 2010

9 (The proceedings began at 9:24 a.m.)

10 CHAIRMAN JOHNSON: Good morning. I'd like to
11 welcome everybody to the January 2010 hearing of the Utah
12 Board of Oil, Gas and Mining.

13 The first matter that we have on the docket this
14 morning is actually seven different petitioners who are
15 making the same request. So I'm going to read it into
16 the record that way to start with, try to simplify it a
17 little bit.

18 First, we have Docket No. 2010-001. These are
19 all in Cause No. 131-127. Docket 2010-001 is in the
20 Matter of Request for Agency Action of Saundria Whitmer,
21 Petitioner.

22 Docket No. 2010-002, same cause, is in the
23 Matter of the Request for Agency Action of Robbin
24 Murdock, Petitioner.

25 Docket No. 2010-003, same cause, is in the

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1 Matter of the Request for Agency Action of Ronald
2 Murdock, Petitioner.

3 Docket No. 2010-004, same cause, is in the
4 Matter of the Request for Agency Action of Joyce Murdock,
5 Petitioner.

6 Docket No. 2010-005, same cause, is in the
7 Matter of the Request for Agency Action of Mac E.
8 Murdock, Petitioner.

9 Docket No. 2010-006, same cause, is in the
10 Matter of the Request for Agency Action of Stewart
11 Murdock, Petitioner.

12 And Docket No. 2010-007, same cause, is in the
13 Matter of the Request for Agency Action of Benny Murdock,
14 Petitioner.

15 All of these petitions are to compel Mountain
16 Oil and Gas, Inc., and Homeland Gas and Oil, Ltd.,
17 Respondents, to account for and pay royalties in
18 accordance with the petitioners' interest in production
19 from the 1-2B1E well located in Section 2 in Township 2
20 South, Range 1 East, USM, Uintah County, Utah.

21 Mr. Alder, first, you are representing the State
22 in this matter?

23 MR. ALDER: Yes, I will be representing the
24 Division.

25 CHAIRMAN JOHNSON: Do we have anyone

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1 representing the petitioners here today?

2 Do we have anyone here representing the
3 respondents, Mountain Oil and Gas or Homeland Gas and
4 Oil?

5 MR. ALDER: Mr. Chairman, I believe that there
6 was filed a document entitled, "Respondents' and
7 Division's Consent to Referral of the Claims for
8 Investigation and Negotiation" just in the last few days.
9 And in that document, Mr. Crockett, who has filed a
10 response to the petitions, has agreed or consented to
11 this matter being referred and has represented in here
12 that I told him that his attendance was not necessary and
13 that the Board would advise him if they felt contrary. I
14 don't know if the Board did advise him, and I don't think
15 he's planning on being here. He practices in Denver.

16 And the understanding that he and I had was that
17 this action would be fairly brief and would just be a
18 vote by the Board whether or not to refer it, and that he
19 had no objections. So he wanted the Board to be aware of
20 that.

21 CHAIRMAN JOHNSON: That is my understanding --

22 MR. ALDER: Okay.

23 CHAIRMAN JOHNSON: -- too, Mr. Alder. I just
24 wanted to see if there was anyone here representing the
25 parties.

[7]

1 MR. ALDER: I think, actually, a couple of
2 individuals who are petitioners are present.

3 CHAIRMAN JOHNSON: Okay.

4 MR. RON MURDOCK: Yes. I'm Ron Murdock, one of
5 the petitioners. There's a few of us here that's in
6 that. We wanted to know what's going on and why we
7 haven't been notified of anything.

8 CHAIRMAN JOHNSON: Right. We've read the
9 petitions, and I believe it's the Board's intent this
10 morning to refer these matters to the Division for
11 investigation. And that's a process that should take a
12 period of 90 days or less.

13 Is that correct, Mr. Alder?

14 MR. ALDER: I think the statute provides that
15 we're supposed to report back in 60 days.

16 CHAIRMAN JOHNSON: In 60 days, okay.

17 And so if that's agreeable to all the parties
18 that it be referred to the Division for investigation,
19 that's what we would like to do this morning.

20 MR. RON MURDOCK: Okay.

21 MR. ALDER: Mr. Chairman, if I might. Just for
22 the record, I did contact by telephone as many of the
23 petitioners as I could and advised them of this action
24 and this possibility. And I believe a few additional
25 ones are here. I just want to make sure they're happy,

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1 with the opportunity to speak if they want.

2 CHAIRMAN JOHNSON: Yes.

3 Not addressing the facts of the case, but
4 addressing the procedure that we're going to use as far
5 as referring this to the Division for investigation, are
6 there any of the parties that are not satisfied with us
7 taking that action?

8 MR. RON MURDOCK: There's some on here that's
9 not listed, but they do share -- let's see, there's 11
10 all together. But they signed the lease, but they never
11 got paid for any of that.

12 MR. PERRY MURDOCK: We're a part of the family.
13 We never signed --

14 CHAIRMAN JOHNSON: Would you identify yourself,
15 please?

16 MR. PERRY MURDOCK: I'm Perry Murdock. I'm
17 speaking for my family, and my mother, June Murdock, and
18 my late father, Colin Murdock, who passed away. And
19 we're his heirs. And we've never been notified of any
20 lease or anything. So we're here just to find out really
21 what's going on. Nobody's called us or notified us,
22 except for Clifford come by and talked to us about a
23 month ago, so we got wind of it. And we'd like to know
24 what's going on, mainly. We've never been notified by
25 anybody of anything.

[9]

1 CHAIRMAN JOHNSON: I think in order -- excuse
2 me. I'm sorry.

3 In order to protect your interests in the best
4 way possible, I believe the best process would be to
5 refer this matter to the Division for investigation. I
6 think you'll find that they're very knowledgeable in
7 these matters and they'll be willing to help you
8 understand what's going on and see how this process
9 should move forward. I think that will be the best
10 approach to take in this matter.

11 MR. PERRY MURDOCK: Yes. We filed papers with
12 the mining Board here saying we requested information as
13 to what's taking place.

14 CHAIRMAN JOHNSON: Okay.

15 MR. PERRY MURDOCK: It's an investigation that
16 yes, I think it should be investigated, and parties
17 should be involved. There's only a handful of parties
18 involved now. All parties should be involved if they
19 want to matter settled.

20 CHAIRMAN JOHNSON: Let's hope, then, during the
21 60-day process those parties come forward. And let's get
22 everything straightened out and figure out what's going
23 on.

24 MR. PERRY MURDOCK: Thank you.

25 CHAIRMAN JOHNSON: Thank you, Mr. Murdock.

[10]

1 Yes.

2 MR. MURRAY: My name's Cliff Murray, working
3 with a company by the name of Mineral Rights Leasing, who
4 has leased -- the lessee of some of the mineral owners
5 here, not necessarily representing them here today, but
6 to show that I have personal knowledge. In the whole
7 thing, as I've come -- doing the land work on this, it
8 appears that there's multiple parties on this fee
9 ownership that have not been getting paid or that have
10 never been leased. Is there a way -- and perhaps I'm out
11 of line -- but is there a way that it can simply be said
12 that the Division -- if other parties come forward,
13 without having to come back before the Board the Division
14 can include their acreage in the investigation, but the
15 parties still need to file the action for you? That
16 would save, you know, filing -- if another mineral owner
17 comes today that's within the same section and they file
18 the proper paperwork with you, that would save having to
19 wait a month and a half for your next meeting before you
20 could set their matter for investigation.

21 CHAIRMAN JOHNSON: If this matter is
22 investigated by the Division, they'll be looking at all
23 aspects of the matter. I'm sure that ownership in the
24 subject lands will be looked at carefully. And let's
25 make sure that we have everyone identified, then let's go

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1 from there.

2 MR. ALDER: I think the question of whether or
3 not they could join the matter officially and be parties
4 to the investigation would, perhaps, be one that we could
5 bring to the Board as a procedural matter and so that --
6 because I think you are right. As far as the work that
7 would be done, I think the Division would be willing to
8 do it.

9 But to make sure that your parties -- why don't
10 we talk? I think there's probably a way that we could
11 correct that and get the record to include other people
12 if they need to be included.

13 CHAIRMAN JOHNSON: Let's move forward that way,
14 then. The Board will refer this matter to the Division
15 for investigation. And we look forward to hearing back
16 from the parties and the Division on this matter.

17 MR. ALDER: Thank you.

18 CHAIRMAN JOHNSON: Thank you.

19 (The proceedings concluded at 9:34 a.m.)
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